



Ed Rolle
Director

AESD law defines successor employer; If conditions met, experience transferred

By Jim Waits

Contributions Division Chief

If you acquire the organization, trade, all the places of business and substantially all the assets of any employer and continue the organization, trade or business, you shall assume, for the purposes of determining the contribution rate of the buyer, as if the operation of the successor had been carried on by the predecessor. (ACA 11-10-710(a) of ESD law)

As successor, you acquire the predecessor's experience with this agency including contributions paid in, regular benefit experience and annual payroll information. You also inherit the predecessor's liability for current or delinquent contributions, interest and penalties.

If the conditions stated in ACA 11-10-710(a) are met, it is mandatory that the experience be transferred.

It is not necessary that you acquire the corporate stock of the predecessor.

Benefits that are paid based on wages reported by the predecessor will now be charged to your account.

You may receive a notice that a person has filed for unemployment insurance benefits. Although that person may have never worked for you, information on the separation from the predecessor is needed to make a charge/noncharge determination. If that person worked for the predecessor and information needed to noncharge the account is not provided, then your account will be charged.

If the claimant should receive

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unemployment insurance benefits, you will be mailed a Quarterly Charge Statement for the quarter the benefits were paid. The predecessor is no longer responsible for the charges; the successor is now responsible for the charges to the account.

A successor can take into account wages paid by the former owner in determining the amount of wages you must pay taxes on during the year you acquire the business. For example, if the former owner has paid wages in excess of the taxable wage base (\$10,000) to a worker who you continue to employ, you will not have to pay taxes on any additional wages you pay this worker in the year you acquire the business.

If you acquire a segregable and identifiable portion of a business and continue to operate it, you are not automatically assigned the tax rate and experience rating account of the former owner.

If you, the buyer, desire to obtain any benefit from the predecessor's experience, you must file, with the director, a petition signed by all interested parties within 30 days after the transfer, setting out the percentage of the predecessor's experience that should be transferred.

If you have a question on this subject, please call the Status Unit at (501) 682-3268.

Save time by filing unemployment taxes online; it's free to all

Go to www.ar-tax.org or AESD site

By Judy Thompson

Collections Program Operations Manager

File and pay your unemployment taxes online! It will save you time, and it's free. Just go to www.ar-tax.org, which is the Official State of Arkansas Tax Portal, or visit www.arkansas.gov/esd.

The Web-based system assists employers with compiling, calculating, submitting and paying their unemployment taxes online. This system allows employers to input a list of employees on a Web page or upload a data file.

The system then calculates the taxes due based on the current and past returns that an employer has submitted. The employer's data is then transmitted electronically to the Arkansas Employment Security Department.

Employers may either print out their invoice and pay by check, or continue and pay online via electronic funds transfer. Only current reports due from established Arkansas employers can be filed using this application.

In addition to saving employers time and money, AESD also benefits by having these filings electronically update our systems. This eliminates the manual data entry for those filings and increases the efficiency of our department.

AESD urges all employers to go to the Official State of Arkansas Tax Portal at www.ar-tax.org or visit its Web site at www.arkansas.gov/esd. While you are there, file and pay your quarterly unemployment taxes. It is free to all employers.

If you have questions or need assistance, call Judy Thompson at (501) 682-3265.

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Employer & Legislative Newsletter

AESD *update*

Arkansas Employment Security Department

Arkansas Employment Security Department
P.O. Box 2981
Little Rock, AR 72203

Notice

The Taxable Wage Base was increased from \$9,500 in 2003 to \$10,000 effective Jan. 1, 2004, by Act 353 of 2003. The \$10,000 Wage Base will be reflected on the Employer's Quarterly Contribution and Wage Report forms for 2004.

Can your community benefit from federal tax credits?

For more information,
go to our Web site at

www.accessarkansas.org/esd/ForEmployer/A_wotc.htm.



You can also call
your local
Arkansas
Workforce Center
or
1-866-330-9459.

Reminder

Each year many employers find it to their advantage to make a voluntary payment to reduce their unemployment insurance tax rate. If eligible, the information will be found on the reverse side of the Experience Rating Notice. A voluntary payment to reduce your 2004 rate must be postmarked on or before March 30, 2004. (ACA 11-10-705(c) of ESD Law.)